

**BEFORE THE
EDUCATION AUDIT APPEALS PANEL
STATE OF CALIFORNIA**

In the Matter of:

Pioneer Union Elementary School District,

Appellant.

EAAP No.: 03-02

OAH No.: N-2004120433

DECISION

The attached Stipulation and Proposed Decision of the parties is hereby adopted by the Education Audit Appeals Panel as its Decision in the above-entitled matter.

This Decision shall become effective on 28 March 2005

IT IS SO ORDERED 28 March 2005



Thomas E. Dithridge, Chairperson

1 **BILL LOCKYER**
Attorney General of the State of California
2 **JOSEPH O. EGAN**
Lead Supervising Deputy Attorney General
3 **BRUCE J. BRAVERMAN**
Deputy Attorney General
4 State Bar No. 52244
1300 I Street
5 P.O. Box 944255
Sacramento, CA 94244-2550
6 Telephone: (916) 324-5380
Fax: (916) 322-8288

7 Attorneys for Intervenor Department of Finance

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9
10 **BEFORE THE**
11 **EDUCATION AUDIT APPEALS PANEL**
12 **STATE OF CALIFORNIA**

13 In the Matter of the Statement of Issues
14 Against:

15 **PIONEER UNION ELEMENTARY**
16 **SCHOOL DISTRICT,**

17 Respondent.

EAAP Case No.: 03-02
OAH Case No.: N 2004 120433

18 **STIPULATION AND PROPOSED**
19 **DECISION**

Date: March 7, 2005
Time: 10:00 a.m.
Dept: Office of Administrative Hearings
Location: 560 J Street, Suite 300
Sacramento, CA 95814

20 All of the parties to this action hereby agree to enter the following stipulation, resulting
21 in complete resolution of the matter. Accordingly the State Controller's Officer (SCO), the
22 Department of Finance (DOF) and Pioneer Union Elementary School District (District) hereby agree
23 as follows:

24 **RECITALS**

25 A. The independent accountant, Clay Singleton, CPA., of Haws, Theobold & Auman,
26 conducted an audit of the District for the 2001-2002 school year.

27 B. Finding 2002-4 Incomplete Independent Study Master Agreements (CDDC # 40000) of
28 the audit report read in pertinent part:

1 "C. State Award Findings and Questioned Costs.

2 State Compliance - Other Reportable Conditions

3 Finding 2002-4 Incomplete Independent Study Master Agreements. (CDDC # 40000)

4 Criteria upon which audit finding is based (Legal Citation)
5 Education Code Section 51747.

6 Finding (Condition)

7 The District's independent study program Master Agreements are not in compliance with
8 State requirements for the following reasons:

9 All of the Independent Study Master Agreements examined were incomplete. Incomplete
10 sections in the Agreement were:

- 11 a. Students reporting frequency, time, place and manner
- 12 b. Duration of agreement, including beginning and ending dates
- 13 c. Independent Study teacher signature

14 The district did complete a new Independent Study Master Agreement for each semester.

15 Amount of Questioned costs, How Computed and Prevalence
16 8 occurrences in 8 students sampled or 100% of sample.

17 10.45 ADA @ P2 times \$4,679 per student (from Revenue Limit) = \$48,896

18 Effect

19 The District was not aware of the compliance requirements for the Independent Study
20 Program.

21 Recommendation

22 The District should ensure that they comply with all the state compliance requirements of
23 the Independent Study program as stated in the Education Code. We recommend that the
24 District revise its report of attendance to exclude the independent study ADA and return
25 the questioned funds to the State of California.

26 ..."

27 C. The District timely submitted its summary appeal of Finding 2002-4 Incomplete
28 Independent Study Master Agreements (CDDC # 40000 to the Education Audits Appeal Panel
(EAAP). The summary appeal of the District was timely denied by EAAP.

29 D. On December 6, 2004, the District timely submitted its Formal Appeal of Finding 2002-4
30 Incomplete Independent Study Master Agreements (CDDC # 40000).

31 E. For the sole purpose of effecting a compromise of this action and to avoid the uncertainty
32 of litigation, the SCO, DOF and the District agree that the District will return the questioned funds
33 as recommended in the audit report to the State of California as a disallowance of public funding in
34 the amount of \$48,896 to be repaid in eight annual installments from future ADA Funding by the

1 State of California to the District as follows:

2	1.	2005-2006	\$6,112.00
3	2.	2006-2007	\$6,112.00
4	3.	2007-2008	\$6,112.00
5	4.	2008-2009	\$6,112.00
6	5.	2009-2010	\$6,112.00
7	6.	2010-2011	\$6,112.00
8	7.	2011-2012	\$6,112.00
9	8.	2012-2013	\$6,112.00

10 F. No interest will be charged to the District by the State of California for the amounts
11 specified above under the terms of this agreement.

12 G. The District agrees to withdraw with prejudice its appeal of Finding 2002-4 Incomplete
13 Independent Study Master Agreements (CDDC # 40000) for school year 2001-2002.

14 OFFICE OF THE STATE CONTROLLER

15 Dated: 3/7/05

16 By: Gary D. Hori

GARY HORI

Attorney for STEVE WESTLY
California State Controller

17 DEPARTMENT OF FINANCE

18 Dated: 3-7-05

19 By: Bruce J. Braverman

BRUCE J. BRAVERMAN

Deputy Attorney General
Attorney for Department of Finance

20 PIONEER UNION ELEMENTARY SCHOOL DISTRICT

21 Dated: 3.8.05

22 By: Diana Lundbom

DIANA LUNDBOM

Superintendent, Pioneer Union Elementary School District

23 This stipulation is adopted and submitted to the Education Audits Appeal Panel as my
24 proposed decision in the above entitled matter.

25 Dated: 3/7/05

Administrative Law Judge